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TAGS: XC

SUBJECT: WEEKLY STATUS REPORT -- THAILAND, INDONESIA,
MALAYSIA, BURMA AND SINGAPORE AFFAIRS

INDONESIA

LNG CONTRACT STATUS REPORT (CONFIDENTIAL)

THE CALIFORNIA GAS COMPANIES HAVE REQUESTED AN EXTENSION
OF THE MAY 1ST DEADLINE FOR SUBMITTING A NEW PRICE
ESCALATOR FORMULA TO MEET THE OBJECTIONS RAISED BY DOE.
APPROVAL OF THE EXTENSION TO JUNE 1 WAS PUBLISHED TODAY
IN THE FEDERAL REGISTER. BEFORE UNDERTAKING FURTHER
NEGOTIATIONS ON THE ESCALATOR WITH THE GOI COMPANY
REPRESENTATIVES ARE HOPING TO RECEIVE INFORMAL USG REAC-
TIONS TO ALTERNATIVE PROPOSALS IN A SESSION SCHEDULED FOR
MAY 2 IN WASHINGTON. INDONESIA MINISTRY OF MINES

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OFFICIAL WIJARSO LAST WEEK TOLD DEPARTMENT OFFICIALS THAT
INDONESIA WILL NOT AGREE TO A FORMAL ESCALATOR PROPOSAL
THAT DOES NOT ALREADY HAVE AN INFORMAL US STAMP OF
APPROVAL.

WIJARSO REMINDED THAT INDONESIA HAS NOT FORMALLY EXTENDED
ITS 1977 DEADLINE FOR US APPROVAL OF THE CONTRACT AND THAT

THE GOI NO LONGER FEELS AS GREAT URGENCY TO SELL GAS TO
U.S. AS WHEN THE CONTRACT WAS SIGNED IN 1973, IN PART
BECAUSE OF EVENTUAL DOMESTIC INDUSTRIAL USAGE.

THAILAND

THAI-CAMBODIAN BORDER SITUATION OF INCREASED CONCERN TO RTG
(SECRET)

A VERY CREDITABLE APRIL 14 SUPREME COMMAND BRIEFING
REFLECTED THE INCREASING CONCERN OF RTG OFFICIALS OVER
THE RECENT UPSURGE OF ACTIVITY BY COMMUNIST PARTY OF
THAILAND INSURGENTS, SUPPORTED BY KHMER COMMUNIST SOLDIERS,
ALONG THE CAMBODIAN BORDER. COORDINATED CPT/KC ATTACKS
HAVE OCCURRED WITH INCREASING FREQUENCY IN THE PAST SIX
WEEKS AND NEARLY 1,000 THAI VILLAGERS HAVE BEEN ABDUCTED.
RTG OFFICIALS BELIEVE THAT THE CPT IS ATTEMPTING TO
ESTABLISH A "LIBERATED AREA" ALONG THE BORDER. THESE
OFFICIALS ARE NOW CONVINCED THAT PHNOM PENH IS DIRECTING
THE SUPPORT FOR THE CPT AND WISHES TO CREATE A COMPATIBLE
"BUFFER ZONE" ALONG ITS BORDER WITH THAILAND. (IN THE
PAST THE RTG HAD VIEWED KHMER SUPPORT AS LOCAL AND WITHOUT
THE CENTRAL GOVERNMENT'S BLESSING.) MOST THAI OFFICIALS
INCLUDING THE SUPREME COMMAND STILL BELIEVE, HOWEVER, THAT
THE ONLY WAY TO END CYCLES OF ACTION AND RETALIATION WITH
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CAMBODIA IS TO DEVELOP POLITICAL RELATIONS AND CONTINUING
DIALOGUE WITH PHNOM PENH. THROUGH THIS APPROACH THE THAI
HOPE TO BE ABLE TO HELP PHNOM PENH RELAX, BUILD TRUST,
AND GRADUALLY REDUCE AND THEN END THE BORDER CONFLICT.
NEVERTHELESS, AS INCIDENTS CONTINUE TO DEVELOP ON THE
CAMBODIAN BORDER, KRIANGSAK'S CONCILIATORY POLICY IS
LIKELY TO COME UNDER INCREASED ATTACK FROM POTENTIAL
POLITICAL RIVALS.

KRIANGSAK GOVERNMENT COMPLETES SIX MONTHS IN OFFICE
(CONFIDENTIAL)

EMBASSY BANGKOK HAS PROVIDED AN EXCELLENT REVIEW OF THE
FIRST SIX MONTHS OF THE KRIANGSAK GOVERNMENT AND THE
FACTORS INFLUENCING ITS POLITICAL FUTURE. THE EMBASSY
NOTES THAT ALTHOUGH KRIANGSAK IS CLEARLY THE LEADER OF
THE GOVERNMENT, HE HAS HAD TO ACCEPT LIMITS TO HIS POWER
TO ACT. THE FACTORS INCLUDE HIS UNCERTAIN POSITION WITHIN
THE THAI MILITARY, THE INTRACTABLE ECONOMIC AND LABOR
PROBLEMS FACING THAILAND, AND THE CONSERVATIVE NATURE OF
THAI SOCIETY. IN ADDITION, KRIANGSAK MUST FIND A NEW
POLITICAL BASE FOR HIS POWER AFTER HE REACHES MANDATORY

RETIREMENT AGE FROM THE THAI MILITARY SERVICE ON SEPT 30, 1978. WHILE KRIANGSAK MADE AN INITIALLY FAVORABLE

IMPRESSION ON MOST THAI, THE HONEYMOON PERIOD IS OVER. A LESS ENCOURAGING ECONOMIC SITUATION WILL ALSO HAVE ITS IMPACT JUST AT THE TIME WHEN THE ELECTION CAMPAIGN IS SCHEDULED TO BEGIN (LATE 1978 OR EARLY 1979).

MALAYSIA

ANOTHER OIL STRIKE ANNOUNCED IN MALAYSIA (LOU)

EMBASSY KUALA LUMPUR REPORTS THAT PETRONAS (MALAYSIA'S PETROLEUM ORGANIZATION) AND ESSO HAVE ISSUED A JOINT PRESS SECRET

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RELEASE ANNOUNCING ANOTHER PETROLEUM AND NATURAL GAS FIND IN PENINSULAR MALAYSIAN WATERS. THE EMBASSY COMMENTS THAT BOTH PETRONAS AND ESSO OFFICIALS ARE CONFIDENT THAT THEY CAN RAPIDLY INCREASE PENINSULAR MALAYSIAN PRODUCTION AND, CONTRARY TO EARLIER INDICATIONS, IT APPEARS THE GOM MAY DECIDE TO ALLOW ESSO TO DO SO.

SINGAPORE

SINGAPORE INDICATES SATISFACTION WITH US MILITARY PRESENCE IN AREA (CONFIDENTIAL)

DR. GOH KENG SWEE, ACTING PRIME MINISTER/MINISTER OF DEFENSE DURING A DISCUSSION WITH MEMBERS OF THE NATIONAL WAR COLLEGE ON APRIL 17 INDICATED SINGAPORE'S SATISFACTION WITH US EFFORTS TO MAINTAIN A MILITARY PRESENCE IN THE REGION. HE SPECIFICALLY CITED VISITS BY UNITS OF THE SEVENTH FLEET AS IMPORTANT TO THE MAINTENANCE OF STABILITY IN THE AREA, AND IN PROVIDING "CONFIDENCE" TO SINGAPORE'S INVESTORS.

NARCOTICS

MOHEIN IV (UNCLASSIFIED)

ACCORDING TO THE BURMA PRESS THE CURRENT BURMA ARMY OPERATION AGAINST HEROIN REFINERIES OF SIX TRAFFICKING GROUPS IN THE DOI LANG AREA NEAR THE THAI-BURMA BORDER HAS MADE RECORD SEIZURES OF OPIATES AND CHEMICALS. BURMESE TROOPS REPORTEDLY DESTROYED TEN REFINERY INSTALLATIONS AND SEIZED 158 KILOGRAMS OF RAW OPIUM, 2,250 LITERS OF LIQUID OPIUM AS WELL AS A RECORD QUANTITY OF CHEMICALS USED IN HEROIN PRODUCTION. AMB. BEAN VISITED THE AREA ON SECRET

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APRIL 23 WITH A GROUP OF MILITARY OFFICERS, ATTACHES AND NEWSMEN.

AMEMB RANGOON COMMENTS THAT THE OPERATION HAS ALREADY BEEN HIGHLY SUCCESSFUL IN DISRUPTING BORDER-AREA NARCOTICS

TRAFFICKING ACTIVITIES AND THAT OCCUPATION OF DOI LANG AND LOI LEM SHOULD LAST AT LEAST ANOTHER MONTH.

REFINERY SEIZURES IN BANGKOK AND NEW YORK (LOU)

ARREST ON APRIL 21 OF AN ETHNIC CHINESE HEROIN TRAFFICKER ATTEMPTING TO SELL TEN KILOGRAMS OF PURE HEROIN HAVE LED TO HIS HEROIN REFINERY IN THONBURI WHERE AN ADDITIONAL 31 KILOS OF HEROIN BASE AND NO. 3 HEROIN. IN CONNECTION WITH THE INVESTIGATION WHICH LED TO THIS SEIZURE, DEA ALSO ARRESTED TWO DEFENDENTS IN NEW YORK AND SEIZED A REFINERY THERE.

BURMA

STUDENTS RELEASED (LOU)

EMBASSY RANGOON HAS LEARNED THAT APPROXIMATELY 200 STUDENTS ARRESTED AND CONVICTED UNDER MARTIAL LAW IN CONNECTION WITH THE JUNE 1975 AND MARCH 1976 STUDENT DEMONSTRATIONS HAVE BEEN RELEASED FROM PRISON. THIS ACTION WAS TAKEN JUST PRIOR TO BURMESE NEW YEAR CELEBRATIONS WHICH COMMENCED ON APRIL 14. VANCE

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